

Minutes of Meeting
Health Services Council
Project Review Committee-I

DATE: 7 October 2008 TIME: 2:30 PM

LOCATION: Health Policy Forum
Department of Health

ATTENDANCE:

Committee-II: Present: Edward F. Almon, John W. Flynn, Amy Lapierre, Thomas M. Madden, Esq., Robert J. Quigley, D.C., (Chair), Larry Ross

Excused: Victoria Almeida, Esq., (Vice Chair)

Not Present: Joseph V. Centofanti, M.D., Robert Ricci, Robert Whiteside

Staff: Valentina D. Adamova, Michael K. Dexter, Robert Marshall, Ph.D., Joseph G. Miller, Esq., Stacey Pabst (Intern), Michael Varadian

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Extension for the Minutes Availability

The meeting was called to order at 2:30 PM. The Chair noted that conflict of interest forms are available to any member who may have a conflict. Minutes of Project Review Committee-I meetings 11 March 2008 and 26 August 2008 were adopted as submitted. Minutes of the Project Review Committee-I meeting of 18 September 2007 were adopted as amended to include a spelling correction noted by Mr. Madden. A motion was made, seconded and passed by a vote of six in favor with none opposed (6-0) that the availability of minutes for this meeting be extended beyond the time frame as provided for under the Open Meetings Act. Those members voting in favor were: Almon, Flynn, Lapierre, Madden, Quigley, Ross.

2. General Order of Business

The next item on the agenda was the Change Order Request of **Rhode Island Hospital's** [Lifespan Corporation] to the 31 May 2006 approval of the Certificate of Need to expand and upgrade inpatient beds through construction of a three story addition above the Bridge Building, renovation of Jane Brown North Building and 10th floor of the Main Building, and decanting of the Jane Brown South Building. Staff reviewed the mailing and handouts. Staff read into the record portions of the letters from Blue Cross Blue Shield Rhode Island and the Department of Human Services.

Mr. Macri reviewed the hospital's master plan objectives for 2011-2015, which he stated will cost about \$270 million. He discussed Rhode Island Hospital's ("RIH") position with regards to days cash on hand.

Mr. Ross stated that RIH made a promise in 2006 to pay for this project through 100% equity and that money they wish to borrow right now will not be used for this project as the project is already 75% complete. He stated that he is against the idea of changing conditions of approval for this project to enter the debt market because bonds issued will not be issued for this project. He stated that there has been no deterioration in the hospital's financial performance and it is stronger today than 2 years ago. It is a dangerous path to change the condition of approval without some evidence of financial distress or problems. Interest expenses incurred will be pushed onto the community. He also noted that he is unable to confirm the \$17 million in Medicare cuts the hospital identified.

Ms. Lapierre stated that to rescind the financing terms would be a dangerous precedent to set. She advised the Committee not to accept the change in financing particularly because of its impact on Medicaid. Mr. Macri noted that RIH was prepared to agree to DHS' condition that Medicaid not bear the cost due to changes in financing.

Mr. Madden questioned the financing's impact on reimbursement rates. He noted that it would be helpful to have a market analysis conducted by a third party.

The Committee voted on the change order request separately by each component: change in scope, cost overrun and change in financing.

A motion was made, seconded and passed by a vote of six in favor and none opposed (6-0) to recommend that the change in scope component of the change order request be approved subject to conditions of approval. Those members voting in favor were: Almon, Flynn, Lapierre, Madden, Quigley, Ross.

A motion was made, seconded and passed by a vote of six in favor and none opposed (6-0) to recommend that the cost overrun component of the change order request be approved subject to conditions of approval. Those members voting in favor were: Almon, Flynn, Lapierre, Madden, Quigley, Ross.

The Committee discussed the issues regarding the proposed change in financing. Mr. Flynn made a motion to recommend denying of the change order request component to borrow \$51,444,000 and maintaining of the 100% equity financing. The motion was seconded. The Committee discussed opportunities for amendments at the Health Services Council meeting if there are any changes proposed. The motion was passed by a vote of four in favor and two opposed (4-2). Those members voting in favor were: Flynn, Lapierre, Quigley, Ross. Those members voting in opposition were: Almon, Madden.

There being no further business the meeting was adjourned at 4:10 PM.

Respectfully submitted,

Valentina D. Adamova, MBA
Health Economics Specialist